

Rewald pleads not guilty — ex-CIA aide one of accusers

By James Dooley
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Investment counselor Ronald R. Rewald yesterday pleaded not guilty in state court to two theft charges, one resulting from a complaint filed against him by John C. "Jack" Kindschi, the former CIA station chief in Hawaii.

Kindschi retired from government service several years ago and served for a time as a consultant to Rewald's investment firm, Bishop, Baldwin, Rewald, Dillingham and Wong, Inc., it was learned. He also invested some \$200,000 in personal funds with the firm and filed a complaint with police this week alleging that Rewald had stolen the money.

Kindschi testified last Friday before a federal grand jury looking into Rewald and his business activities.

Kindschi and Rewald reportedly met while Kindschi was still a CIA employee, but the business relationship that developed between them is reportedly unrelated to the intelligence agency.

Although Rewald told employees of his investment firm in the past that he was affiliated with the CIA, various investigators looking into Rewald's personal and corporate financial affairs continue to discount that claim.

"Look, if there really was some kind of active connection there, none of these investigations would still be going on," one law enforcement agent said.

Federal law prohibits the CIA from engaging in intelligence activities within the boundaries of the United States.

Kindschi's successor in the one-man CIA office in Hawaii, located in the Prince Jonah Kuhio federal building, declined comment on the matter.

Rewald, 41, is being held at Oahu Community Correctional Center in lieu of \$10 million bail — described by his defense attorney, Brook Hart, as the "highest bail in the history of the state."

Rewald was arrested Monday night by the police department's White Collar Crime Unit. He was charged the next day with two counts of first degree theft, based on complaints filed with police by Kindschi and another investor, Hugh F. Fraser.

Rewald's personal assets are frozen by court orders. He sits in a jail cell, wearing the same t-shirt and shorts he was arrested in Monday night.

He appeared dazed and dejected in court yesterday. Hart, one of his attorneys, said yesterday he is con-

cerned about Rewald's state of mind. "There's always a concern for a person who has had such an extraordinary life change," Hart said.

He said he would move later this week for a reduction in the \$10 million bail requirement, but said he did not know how much difference that would make because of the freeze on Rewald's assets.

Rewald and his company have been under investigation by the Internal Revenue Service since late last year, joined this year by an ever-growing number of other federal, state and local agencies.

Publicity about the investigations began two weeks ago. Rewald attempted suicide July 30 and was under treatment and incommunicado for 10 days after that at Queen's Medical Center.

During that period, a group of company investors, led by Fraser, forced the Rewald company into involuntary bankruptcy proceedings in federal court.

Interim bankruptcy trustee Thomas Hayes testified in court that computer records indicated the firm had taken in some \$17 million from approximately 300 investors.

Hayes said he did not know what happened to the bulk of that money. He testified he had been able to find one bank account containing some \$200,000 in cash, and said a Rewald representative the day before had unsuccessfully attempted to write a \$100,000 check on that account.

Hayes also said several pieces of real estate valued at less than \$5 million had allegedly been purchased in Rewald's name with company funds.

Hayes said that most investor money appeared to have been placed in a non-interest-bearing checking account at Hawaii National Bank. Many of Rewald's personal expenses were covered by checks written on that account, including monthly \$10,400 mortgage payments on his sumptuous oceanfront home in the Kuliouou Valley area of Honolulu, according to Hayes.

Documents filed at bankruptcy court alleged that numerous company records were taken from Bishop Baldwin's 26th-floor suite of offices at Grosvenor Center in downtown Honolulu July 29 by Rewald's personal security personnel.

Some 18 boxes and two plastic bags full of records were turned over to federal court over the weekend by Rewald attorney Hart.

Federal Judge Martin Pence sealed them, unsealed them for Hayes, Hart and attorneys for the Securities and Exchange Commission, then sealed them again pending a

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